

PUBLIC DISCLOSURE

September 26, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WORKERS' CREDIT UNION

**815 MAIN STREET
FITCHBURG, MA 01420-3153
CERT # 66479**

**DIVISION OF BANKS
1000 Washington Street
Boston, MA 02118**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution Rating	
	a. Overall Rating	1
	b. Scope of the Examination	2
	c. Description of the Institution	3
	d. Description of the Assessment Area	5
	e. Performance Criteria.....	7
III.	Appendix	
	a. General Definitions	A-1

GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use their authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Workers' Credit Union (or the "Credit Union")**, prepared by the Division, the institution's supervisory agency as of **September 26, 2011**.

INSTITUTION'S CRA RATING: This institution is rated "Outstanding."

An institution in this category has an excellent record of meeting the credit needs of its entire assessment area, including low- and moderate-income individuals. The rating of this institution is established upon a review of the Lending Test and the Community Development Test, as shown in this public evaluation. A summary of the Credit Union's performance is provided below:

Lending Test: "Outstanding"

The Credit Union's net loan-to-share ratio for the previous eight quarters was 97.0 percent; this ratio is more than reasonable given the Credit Union's size, financial condition, and the credit needs of its assessment area.

Lending activity within the Credit Union's assessment area is good with 55.4 percent of the number of loans reportable under the Home Mortgage Disclosure Act ("HMDA") and approximately 78 percent of the total dollar amount of loans originated within its assessment area.

The Credit Union demonstrates an excellent level of lending to members of different income levels. The Credit Union has outperformed the 2009 and 2010 aggregate in lending to low- and moderate-income individuals.

The geographic distribution of the Credit Union's HMDA reportable loans reflects a reasonable dispersion throughout the assessment area. The Credit Union's performance in moderate-income census tracts exceeds the 2009 and 2010 aggregate.

Fair lending policies and practices are considered good. No CRA related complaints have been received by the Credit Union since the prior examination.

Community Development Test: "High Satisfactory"

The Credit Union's community development performance demonstrates a good responsiveness to the community development needs of its assessment area through its qualified donations and community development services and commitments.

SCOPE OF THE EXAMINATION

Intermediate Small Institution CRA procedures, as described by the Federal Financial Institution Examination Council ("FFIEC") specified for institutions with assets of at least \$280 million as of December 31 for both of the prior two calendar years, and less than \$1.122 billion as of December 31 of either of the prior two calendar years (adjusted annually), were utilized for the evaluation. These procedures utilize two performance tests: the Lending Test and the Community Development Test. This evaluation considered the Credit Union's lending and community development activities for the period of February 5, 2007 through September 26, 2011. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

The Lending Test focused on home mortgage lending. Home mortgage data analyzed included full-year data from January 1, 2009 through December 31, 2010 and the first six months of 2011 (YTD 2011). Information concerning home mortgage lending was derived from the Loan Application Registers ("LARs") maintained by the Bank, pursuant to the HMDA. The LARs contain data about home purchase and home improvement loans, including refinancings, of one- to four-family and multifamily (five or more units) properties. The institution reported 1,332 originations totaling \$83.4 million in 2009, 2,208 originations totaling \$155 million in 2010, and 603 originations totaling \$43 million for YTD 2011. The evaluation emphasizes the Bank's home mortgage lending performance in 2010, as this is the most recent year for which aggregate HMDA lending data is available (aggregate lending data). The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting lenders that originated loans in the Bank's assessment area. Home mortgage lending data for 2009, 2010, and YTD 2011 is referenced in the narrative to illustrate trends in the Bank's lending data.

The Community Development Test included community development loans, investments, and services for the period of February 5, 2007 through September 26, 2011. Community development grants and donations for the same time period were also included. Qualified equity investments currently held by the Bank were also included regardless of investment date. The investments were valued at the June 30, 2011 book value.

Demographic information is from the 2000 U.S. Census unless otherwise noted. Financial data was derived from the June 30, 2011 Report of Condition and Income ("Call Report").

PERFORMANCE CONTEXT

Description of Institution

Workers' Credit Union is a state-chartered financial institution established in 1914. The Credit Union's main office is located at 815 Main Street, Fitchburg, Massachusetts. In addition, the Credit Union also operates eleven full-service branches located in Acton, Chelmsford, Gardner, Groton, Lancaster, Leominster (3), Lunenburg, Orange, and Townsend. The Credit Union maintains high school branch offices at Chelmsford High School and Acton-Boxborough Regional High School.

On February 28, 2007, the Credit Union opened the branch at 32 New Athol Road in Orange, while closing a branch in the same town on North Main Street. The branch at Acton-Boxborough Regional High School opened on July 13, 2007. Also, the Credit Union opened a branch on January 30, 2008 in Leominster.

The main office in Fitchburg is located in a low-income geographic area. The Gardner branch is located in a moderate-income geography and all other full service branches are situated in middle income areas, except for Groton and Acton which are located in upper income area.

Business hours are readily accessible to all members. All branches have 24 hour Automated Teller Machines (ATM). In addition, Workers' Credit Union is a member of the SUM, Cirrus, Money Pass, NYCE, and Co-op ATM Networks, giving members' access to thousands of ATMs without incurring an ATM surcharge.

The Credit Union also participates in the national FSCC Shared Branching network. This network operates like an ATM network, but with expanded transactional capabilities, allowing Workers' Credit Union's members to conduct transactions at over 6,000 locations nation-wide, plus internationally in Guam, Germany, and Puerto Rico. Conversely, members of other participating credit unions can conduct transactions at most Workers' Credit Union branches.

To ensure members' ability to conduct financial transaction, the Credit Union operates an automated telephone system called Phone Link. Through this service, members obtain account balances, review account activity, perform funds transfers between accounts and make loan payments. This service is available 24 hours a day. Information can be given in English or Spanish. Workers Credit Union also offers Internet based financial services through Workers' Online at www.wcu.com. The online site allows members to obtain account balances, obtain, product and service information, open new accounts and apply for loans. In addition, members may transfer funds between accounts and make loan payments.

The Credit Union's Call Center is available for members to make inquiries, transfer funds, obtain rates, and apply for loans over the telephone. The Call Center is staffed with both English and Spanish speaking employees.

The introduction to mobile banking was launched in 2009 with the mobile App. Workers' Credit members can use Android™ App, which will allows consumers to bank via their smart phones and also there is an App for iPhone®, users. The Credit Union supports mobile banking as a way to allow users to check account balances, view account transactions history, transfer funds between eligible accounts, pay bills and locate an ATM or branch.

Members who don't have an Android™ or iPhone®, but a web-enabled media device, such as a cell phone or PDA, can also access their accounts through the Credit Union's website, mobile.wcu.com. Workers' Credit Union also offers the convenience of Balance Text Messaging.

The Credit Union was last examined for compliance with the CRA on February 5, 2007. The examination resulted in a CRA rating of Outstanding. The Credit Union's assets have increased from \$538 million to \$794 million since the previous examination.

As of June 30, 2011, the Credit Union's asset size was \$794,216,643 with total loans of \$619,214,823 or 78.0 percent of total assets. The Credit Union's net loan to share ratio, as of the same date, was 98.2 percent. First lien mortgage loans and lines of credit represent the largest portion of loans with 52.7 percent followed by other real estate loans with 20.1 percent and used vehicle loans with 15.5 percent.

The following table provides additional details regarding the Credit Union's loan portfolio:

Workers' Credit Union Loan Portfolio Distribution		
Loan Type	Dollar Volume	Percentage of Total Loans
All Other Unsecured Loans/Lines of Credit	7,796,667	1.3
Non-Federally Guaranteed Student Loans	20,630,873	3.3
New Vehicle Loans	11,743,205	1.9
Used Vehicle Loans	96,172,598	15.5
Total 1 st Mortgage Real Estate Loans/Line of Credit	326,148,731	52.7
Total Other Real Estate Loans/Lines of Credit	124,608,567	20.1
Total All Other Loans/Lines of Credit	32,114,182	5.2
Total	\$619,214,823	100.0
<i>Source: 5300 Report, Statement of Financial Condition as of June 30, 2011.</i>		

The Credit Union provides an array of financial services to its members, including: mortgage loans, new and used auto loans, equity loans (lines and fixed rate/term), unsecured personal loans, and member business loans. Deposit products offered include personal accounts such as checking, savings, certificates, and IRA accounts. For Business accounts, commercial checking accounts, money market accounts, savings accounts, and certificate of deposits are offered to members.

Other mortgage products that are offered to members of the credit union include the HEAT Loan Program through the Mass Save Program. The Program is administered by Massachusetts electric companies, gas companies and municipal aggregators. It offers no-interest financing to help residential consumers increase the energy efficiency of their homes through their HEAT Loan Program. This financing is available to residential customers who own and reside in a one to four family residence, buy their power from one of MassSAVE's member companies, and obtain a Home Energy Assessment through the MassSAVE Program.

The Credit Union offers a first-time home buyer's program. This program includes a 3/1 adjustable rate mortgage with no closing costs. Borrowers must put 5% down but only 3% of the down payment must be from savings. The borrowers can receive the other 2% of the down payment as a grant or gift.

The Credit Union also offers the CashRight Loan, which is a short term, low fee loan to members who are in need of a small amount of money. Loan amounts are between \$100 and \$500 and the term is up to 45 days.

Description of the Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Credit Union's assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the Credit Union has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries (unless permitted otherwise by the regulation), (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

The Credit Union's assessment area contains 44 cities and towns located in the Worcester, Middlesex, Franklin, Hampden and Hampshire Counties. These include the cities and towns of; Acton, Ashburnham, Ashby, Athol, Ayer, Billerica, Bolton, Boxborough, Carlisle, Chelmsford, Clinton, Concord, Dunstable, Erving, Fitchburg, Gardner, Groton, Harvard, Hubbardston, Lancaster, Leominster, Littleton, Lowell, Lunenburg, Maynard, New Salem, Orange, Pepperell, Petersham, Philipston, Princeton, Royalston, Shirley, Sterling, Stow, Templeton, Tewksbury, Townsend, Tyngsboro, Warwick, Wendell, Westford, Westminster and Winchendon.

Refer to Table 2 for pertinent demographic information concerning the assessment area.

Table 2 Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (census tracts)	116	11.2	22.4	45.7	19.8	0.9
Population by Geography	537,685	6.8	20.7	50.7	21.7	0.1
Owner-Occupied Housing by Geography	132,944	2.1	15.6	56.1	26.2	0.0
Family Distribution by Income Level	138,703	20.7	19.3	22.9	37.1	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	55,414	10.5	30.4	48.1	11.0	0.0
Median Family Income		\$56,359	Median Housing Value		\$178,439	
HUD Adjusted Median Family Income for 2011		\$82,500	Unemployment Rate		7.2%	
Households Below Poverty Level		7.0%				

Source: 2000 US Census and 2011 HUD updated Median Family Income (MFI)

Geographies

As the data in Table 2 shows, the assessment area contains 116 census tracts. Of those tracts, 13 or 11.2 percent are low-income, 26 or 22.4 percent are moderate-income, 53 or 45.7 percent are middle-income, 23 or 19.8 percent are upper-income and 1 or 0.9 percent is N/A. The N/A tract encompasses the former military base, Fort Devens, located in Ayer. There is minimal housing at the base, thus limiting lending opportunities available to the Credit Union.

Population

The assessment area has a total population of 537,685 residing in 138,703 family households. Of all family households in the area, 20.7 percent are low income, 19.3 percent are moderate-income, 56.1 percent are middle-income, 37.1 percent are upper-income and 6.0 percent are families below the poverty level. Of the 196,396 households, 43,529 or 22.1 percent are low-income and 30,083 or 15.3 percent are moderate-income and 16,503 or 8.4 percent are households that are below the poverty level.

Housing Units

The assessment area consists of 204,658 total housing units, of which 132,944 or 65.0 percent are owner-occupied units, 63,105 or 30.8 percent are occupied rental units and 8,609 or 4.2 percent are vacant units. Of the 132,944 owner-occupied housing units, 2.1 percent are in the low-income census tracts, 15.6 are in the moderate-income census tract, 56.1 percent are in the middle-income census tracts, and 26.2 percent are in upper-income census tracts. The median housing value in 2000 for the assessment area was \$197,067, and the median age of the housing stock was 41 years.

Unemployment

The unemployment rate statewide for Massachusetts is 7.4 percent according to August 2011 statistics gathered from the Bureau of Labor Statistics. This represents a decrease as compared to the annual percentage of 2009 and 2010, where the unemployment rate in Massachusetts was 8.2 percent and 8.7 percent, respectively. As of August 2011, the unemployment statistics for some of the cities and towns in the assessment area per the Massachusetts Labor and Workforce Development were: Chelmsford 6.1 percent, Fitchburg 10.5 percent, Harvard 5.0 percent, Lancaster 7.6 percent, Leominster 9.3 percent, and Lowell 9.6 percent.

Competition

The Credit Union faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest credit unions in New England. Among the more prominent lenders competing with the Credit Union are St. Mary's Credit Union, I-C Federal Credit Union, and Leominster Credit Union.

Community Contacts

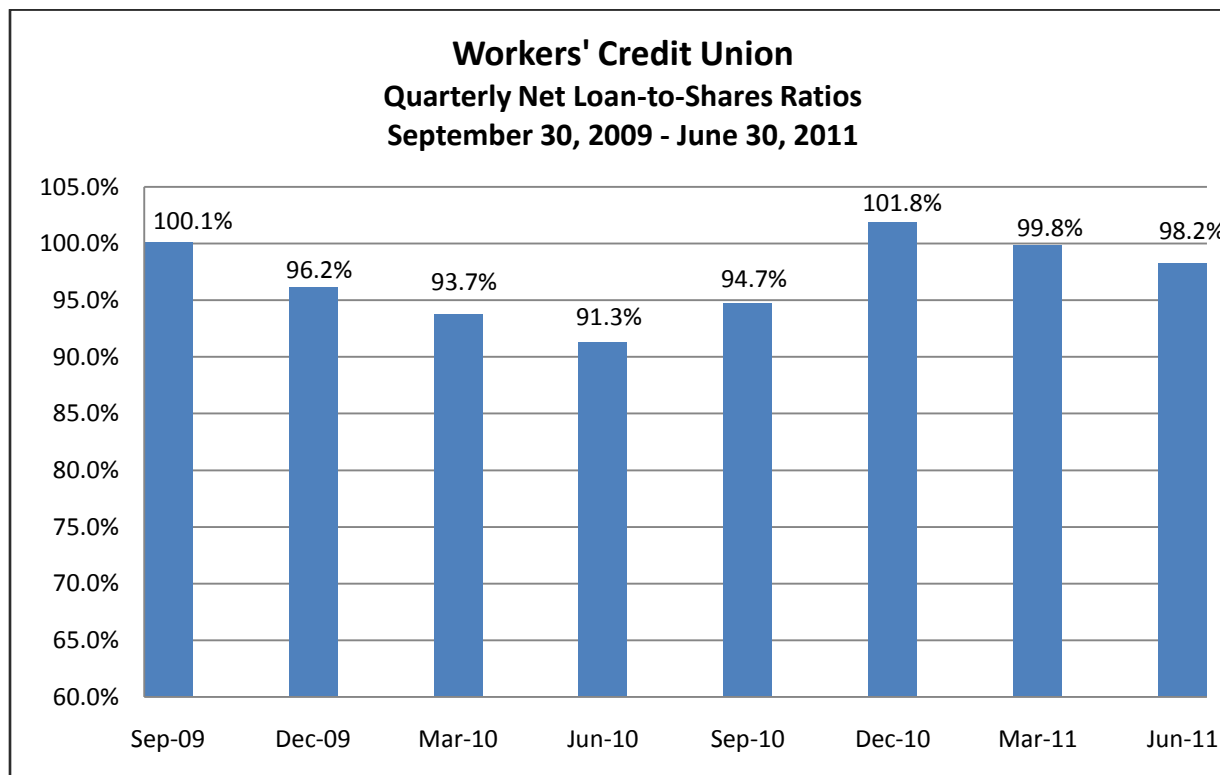
A community contact was conducted with a community organization that serves a portion of the Credit Union's assessment area. This organization provides a variety of services to low-income individuals and families including housing, food, shelter, job training, and health care services.

PERFORMANCE CRITERIA

LENDING TEST

1. LOAN TO SHARE (LTS) ANALYSIS

A comparative analysis of Workers' Credit Union's quarterly net loan-to-share ratios for the period of September 30, 2009 through June 30, 2011, was conducted during this examination. Using the Credit Union's quarterly Call Reports, the average net loan-to-share ratio for this period was 97.0 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares. The following graph is provided for further analysis.



The Credit Union's average quarterly net LTS ratio over the period reviewed was 97.0 percent and is considered more than reasonable. The net LTS ratio for this period has fluctuated over the last 8 quarters from a low of 91.3 percent (June 2010) to a high of 101.8 percent (December 2010). During this timeframe, net loans have increased 12.1 percent and shares have increased 14.2 percent.

The following table illustrates the loan-to-share ratios of similarly situated financial institutions within the assessment area as of June 30, 2011 in comparison to the Credit Union.

Table 3 - Peer Group LTS Comparison		
Credit Union	Total Assets \$(000s)	Average Net LTS Ratio 9/30/09 – 6/30/11
Workers' Credit Union	794,217	97.0
Leominster Credit Union	609,624	77.7
St. Mary's Credit Union	591,405	75.6
I-C Federal Credit Union	448,515	110.2

Source: Report of Condition and Income (Call Reports) 06/30/2011

As shown in Table 3 above, the four other institutions' average quarterly LTD ratios ranged from a low of 75.6 percent to a high of 110.2 percent. At 97.0 percent, the Credit Union's average net LTD is second highest amongst similarly-situated credit unions.

Based on the above information and the Credit Union's capacity to lend, the capacity of other similarly-situated credit unions, the types of loans available at the Credit Union, and the lending opportunities available, the Credit Union's loan-to-deposit ratio is considered to be more than reasonable.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Credit Union is meeting the credit needs within its assessment area. Based on a review of home loan, a majority of the Credit Union's lending activity occurs within the institution's assessment area. Table 4 illustrates the Credit Union's record of extending residential mortgage inside and outside the assessment area by number and dollar amount over the period reviewed.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number Loans					Dollar Volume (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<i>2009</i>										
Home Purchase	82	86.3	13	13.7	95	13,668	84.3	2,554	15.7	16,222
Refinance	311	87.6	44	12.4	355	50,700	85.2	8,837	14.8	59,537
Home Improvement	368	41.7	514	58.3	882	8,377	61.5	5,253	38.5	13,630
Total	761	57.1	571	42.9	1,332	\$72,745	81.4	\$16,644	18.6	\$89,389
<i>2010</i>										
Home Purchase	88	83.0	18	17.0	106	16,873	80.1	4,196	19.9	21,069
Refinance	589	82.3	127	17.7	716	79,631	77.3	23,367	22.7	102,998
Home Improvement	477	34.4	909	65.6	1,386	20,646	66.7	10,291	33.3	30,937
Total	1,154	52.3	1,054	47.7	2,208	\$117,150	75.6	\$37,854	24.4	\$155,004
<i>YTD 2011</i>										
Home Purchase	37	86.1	6	13.9	43	5,363	78.1	1,505	21.9	6,868
Refinance	198	83.5	39	16.5	237	24,934	82.3	5,361	17.7	30,295
Home Improvement	145	44.9	178	55.1	323	3,331	56.6	2,555	43.4	5,886
Total	380	63.0	223	37.0	603	\$33,628	78.1	\$9,421	21.9	\$43,049
Grand Total	2,295	55.4	1,848	44.6	4,143	\$223,523	77.8	\$63,919	22.2	\$287,442

Source: 2009, 2010 and YTD 2011 HMDA LARs

Home Loans

As shown in Table 4, the Credit Union originated 2,295 home loans totaling \$224 million in the assessment area during the evaluation period. This represents 55.4 percent of the total number of home loans originated by the Credit Union and 77.8 percent by dollar volume. Generally, the distribution of loans by number bears more weight on the Credit Union's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans. However, further analysis under this criterion revealed that home improvement loans, namely the Credit Union's HEAT Loan Program through the Mass Save Program, played a significant role in overall assessment

area concentration. The distribution of home purchase loans and refinance loans shows a significant assessment area concentration; the relatively high volume of home improvement loans tended to skew the distribution by number. Analysis of distribution by dollar amount confirms that the significant majority of lending occurred within the assessment area.

The Credit Union's performance under this criterion is considered good based on the high level of competition from other lenders, as a majority of residential loans by number were originated inside the assessment area.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

This performance criterion evaluates the distribution of a Credit Union's residential loans based on borrower characteristics. Analyses were conducted of the Credit Union's residential mortgage loans inside the assessment area based on borrower income. Emphasis is placed on loans to low- and moderate-income borrowers.

Overall, given the demographics of the assessment area, the distribution of borrowers reflects excellent dispersion among individuals of different income levels, including those of low- and moderate-income.

Home Loans

Residential lending data was reviewed to assess how well the Credit Union is addressing the housing credit needs of the area's low-, moderate-, middle-, and upper-income residents. Special consideration is placed on the Credit Union's record of lending to low- and moderate-income borrowers residing in the assessment area. See Table 5 for information concerning the distribution of loans by borrower income.

Table 5 Distribution of HMDA Loans by Borrower Income (Excludes borrowers for which income is not available)									
Loan Category	# of Loans	Percent of Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
<i>2009</i>									
Home Purchase	82	9.8	41.5	34.1	14.6	15.0	30.2	28.7	26.1
Home Improvement	368	18.7	25.3	30.7	25.3	11.6	24.9	29.8	33.7
Refinance	311	10.3	25.4	35.0	29.3	6.7	19.3	30.3	43.7
Total	761	14.3	27.1	32.8	25.8	9.0	22.3	29.9	38.8
<i>2010</i>									
Home Purchase	88	14.8	23.8	30.7	30.7	15.7	25.6	22.3	24.9
Home Improvement	477	14.9	28.3	30.2	26.6	15.4	21.5	26.4	32.9
Refinance	588	9.7	24.7	32.8	32.8	6.6	16.0	26.0	38.6
Total	1,153	12.2	26.1	31.6	30.1	9.1	18.5	25.2	35.2
<i>YTD 2011</i>									
Home Purchase	37	18.9	37.9	13.5	29.7				
Home Improvement	145	17.9	22.1	30.3	29.7				
Refinance	198	13.7	21.7	33.3	31.3				
Total	380	15.8	23.4	30.3	30.5				
Grand Total	2,294	13.5	26.0	31.8	28.7				
Demographics	#	Distribution of Families							
		Low	Moderate	Middle	Upper				
Families	138,703	20.7	19.3	22.9	37.1				

Source: 2009, 2010 and 2011 HMDA LARs, HMDA Aggregate for 2009, and 2000 US Census Data

Table 5 shows that the Credit Union's percentage loans to low -income borrowers was above the 2010 aggregate percentage (9.1 percent). The Credit Union's percentage of loans to low-income borrowers was lower than the total percentage of low-income families in the assessment area (20.7 percent). The Credit Union's lending to low-income borrowers demonstrates an increase to 15.8 percent in YTD 2011.

In 2010, the Credit Union extended 26.1 percent of total loans to moderate-income borrowers, which was above the percentage of moderate-income families (19.3 percent) and the 2010 aggregate market percentage of 18.5 percent. The Credit Union's lending to moderate-income borrowers decreased slightly from 27.1 percent in 2009 to 23.4 percent in YTD 2011.

In 2010, the distribution of home loans among the borrower income categories was comparable to the prior year in that the middle- and upper-income borrowers accounted for the majority of the home loans.

4. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans based on income category of census tract was reviewed to assess how well the Credit Union is addressing the credit needs throughout the assessment area. As mentioned previously, the Credit Union's assessment area contains 116 census tracts, 13 of which are low-income, 26 are moderate-income, 53 are middle-income, 23 are upper-income, and 1 is N/A. The overall distribution of the Credit Union's residential mortgage loans combined reflects an adequate dispersion throughout the assessment area.

Home Loans

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. Table 8 presents the Credit Union's home mortgage lending performance as well as the 2009 and 2010 aggregate lending data. In addition, the table also reflects the percentage of owner-occupied housing units in each of the census tract income categories.

Table 8 - Distribution of HMDA Loans by Census Tract Income									
Loan Category	# of Loans	Percent of Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
2009									
Home Purchase	82	3.7	15.8	73.2	7.3	4.1	18.0	52.7	25.2
Home Improvement	368	1.4	18.2	63.8	16.6	2.6	16.7	55.3	25.4
Refinance	311	0.6	9.7	74.9	14.8	1.2	8.8	51.5	38.5
Total	761	1.3	14.5	69.4	14.8	2.0	11.4	52.0	34.6
2010									
Home Purchase	88	2.3	19.3	59.1	19.3	4.0	17.5	51.5	26.8
Home Improvement	477	0.0	16.5	68.8	14.7	3.3	17.6	54.2	24.9
Refinance	589	0.2	10.0	71.1	18.7	1.3	9.0	51.0	38.5
Total	1,154	0.3	13.4	69.2	17.1	2.0	11.3	51.2	35.3
YTD 2011									
Home Purchase	37	2.7	13.5	75.7	8.1				
Home Improvement	145	1.4	15.9	69.6	13.1				
Refinance	198	0.5	12.6	68.7	18.2				
Total	380	1.1	13.9	69.7	15.3				
Grand Total	2,295	0.8	13.9	69.3	16.0				
Demographics	#	Distribution of Housing							
		Low	Moderate	Middle	Upper				
Owner Occupied Units	132,944	2.1	15.6	56.1	26.2				

Source: 2009, 2010 and YTD 2011 HMDA LARS, HMDA Aggregate Data for 2009, and 2000 US Census Data

As indicated in Table 8, the Credit Union originated 1.3 percent of its home mortgage loans by number within low-income tracts during 2009. In 2009, the Credit Union was slightly lower than the percentage of total owner-occupied units located in low-income tracts (2.1 percent). The Credit Union's performance in low-income tracts in 2009 was slightly lower than the aggregate lending performance (2.0 percent). In 2010 the performance in lending to low income tracts is similar, where the Credit Union's lending is below the aggregate and also below the percentage of families in low income tracts. The Credit Union demonstrates a positive trend YTD2011 to 1.1 percent.

The Credit Union originated 14.5 percent of its home mortgage loans by number within moderate-income tracts during 2009. In 2009, the Credit Union was slightly lower than the percentage of total owner-occupied units located in moderate-income tracts (15.6 percent). The Credit Union's performance in moderate-income tracts in 2009 was higher than the aggregate lending performance (11.4 percent). By loan product, the Credit Union exceeded the aggregate in the Home Improvement and Refinance categories. The Credit Union's performance remained consistent into 2010 and YTD 2011.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and procedures, no violations of the anti-discrimination laws and regulations were identified.

The Credit Union's Fair Lending Policy was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. The Fair Lending Review was conducted in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

The Credit Union has a written Lending Policy. Included in this policy are the Credit Union's efforts to eliminate discrimination in all aspects of lending, as well as to provide guidance to Credit Union employees on how to comply with fair lending laws, RESPA, HMDA, and Truth-in-Lending. The Lending Policy further details the Credit Union's designated lending responsibilities, processing and guidelines for residential real estate loan and other product lines offered.

The Credit Union provides training under the direction of the Assistant Vice President/Training Manager. All Credit Union employees are required to complete training on an annual basis.

The Senior Vice President of Marketing and the marketing department participate with the lending staff to identify credit needs within the assessment area, develop and introduce new credit products, and communicate credit product availability to numerous segments throughout the assessment area.

The Credit Union has 11 employees who are bilingual to help non-English speaking customers of the Credit Union. Employees are available to service members in other languages that include Spanish, Hmong, and Japanese.

The Credit Union has a second review process for denied loan applications. Loans that are considered denied are reviewed by the Credit Union's management.

The Credit Union's Risk Management Officer and Quality Control Manager perform internal analysis of HMDA data on a quarterly basis and all reviews are documented and present at the CRA Committee Meetings.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Credit Union's assessment area contained a total population of 537,685 individuals of which 15.4 percent are minorities. The minority and ethnic population is 1.9 percent Black/African American, 5.3 percent Asian, 0.2 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, 6.2 percent Hispanic or Latino and 1.7 percent other.

For 2009, 2010 and YTD 2011, the Credit Union received 2,989 HMDA reportable loan applications from within its assessment area. Of these applications, 101 or 3.4 percent were received from minority applicants, of which 70 or 69.3 percent resulted in originations. For the same time period, the Credit Union also received 85 applications or 2.8 percent from ethnic groups of Hispanic origin within its assessment area of which 60 or 70.5 percent were originated.

The Credit Union's level of lending was compared with that of the aggregate's lending performance levels for 2009 and 2010. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Credit Union) in the Credit Union's assessment area.

MINORITY APPLICATION FLOW								
RACE	Workers' Credit Union 2009		2009 Aggregate		Workers' Credit Union 2010		2010 Aggregate	
	#	%	#	%	#	%	#	%
American Indian/Alaska Native	1	0.1	61	0.1	2	0.1	71	0.2
Asian	15	1.4	2,842	6.8	15	1.0	3,121	8.3
Black/ African American	6	0.5	372	0.9	8	0.6	263	0.7
Hawaiian/Pac Isl.	1	0.1	35	0.1	2	0.1	39	0.1
2 or more Minority	1	0.1	22	0.1	0	0	10	0.1
Joint Race (White/Minority)	10	0.9	454	1.1	19	1.3	374	1.0
Total Minority	34	3.2	3,786	9.1	46	3.1	3,878	10.4
White	892	85.9	28,325	68.2	1,266	85.5	26,259	70.2
Race Not Available	113	10.9	9,425	22.7	169	11.3	7,253	19.4
Total	1,039	100.0	41,536	100.0	1,481	100.0	37,390	100.0
ETHNICITY								
Hispanic or Latino	25	2.4	747	1.8	19	1.3	637	1.7
Not Hispanic or Latino	864	83.1	30,986	74.6	1,224	82.6	29,089	77.8
Joint (Hisp/Lat /Not Hisp/Lat)	11	1.1	309	0.7	14	0.9	326	0.9
Ethnicity Not Available	139	13.4	9,494	22.9	224	15.1	7,338	19.6
TOTAL	1,039	100.0	41,536	100.0	1,481	100.0	37,390	100.0

Source: 2009, 2009 and 2011 HMDA/ LAR, 2009 and 2010 HMDA Aggregate Data

The Credit Union's performance was below the 2010 aggregate's performance level for minority applicants. The Credit Union received 3.1 percent for minorities while the aggregate was 10.4 percent. The Credit Union's performance was slightly below the 2010 aggregate's performance for ethnic minorities. The Credit Union received 2.2 percent while the aggregate received 2.6 percent for ethnic minorities.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, does not meet expectations.

COMMUNITY DEVELOPMENT TEST

Workers' Credit Union's community development performance demonstrates a good responsiveness to the community development needs of its assessment area. The Credit Union has met these community development needs through the provision of qualified investments, grants and donations and by taking a leadership role in providing its professional expertise, financial and technical services to organizations within its assessment area whose primary mission and purpose is to meet the needs of low-and moderate income individuals.

QUALIFIED INVESTMENTS

In accordance with 209 CMR 46.23, credit unions will not be evaluated under the Investment Test except as provided under 209 CMR 46.61(6)(c), which states, in part "In assessing whether a credit union's performance is "High Satisfactory" or "Outstanding," the Commissioner will also consider the credit union's performance in making qualified investments and community development loans to the extent authorized under the law." Therefore, the Credit Union's investments were considered, in as much as they support the overall rating of Outstanding.

A qualified investment for the purposes of this CRA evaluation is a lawful deposit, donation or grant that has community development as its primary purpose. The evaluation considered (1) the number of investments and grants, (2) the extent to which community development opportunities have been made available to the institution, (3) the responsiveness of the institution's community development grants to the assessment area's needs.

During the exam period, Workers' Credit Union made \$447,939 in charitable donations, of which \$218,778 or 48.8% went to organizations that promote education, youth programs, health and human services for individuals in need, and economic development throughout the assessment area. The following are examples of organizations that have received benefit from the Credit Union's efforts.

Greater Gardner Community Development Corporation (CDC) – This CDC promotes self-sufficiency by creating affordable housing opportunities and providing additional programs that raise the economic, educational and social levels of residents in its services.

Our Father's House – This private agency provides shelter and related services to homeless men, women and children.

Twin City Community Development Corporation (CDC) - This CDC has focused on economic development strategies, adding affordable housing and in recent years, community organizing, to more effectively harness the energy and voice of the community in the Towns of Fitchburg and Leominster.

Cleghorn Neighborhood Center – This community center provides bilingual, bicultural programs and outreach to a highly dense, at-risk community. The community center works to develop the social, economic, physical, and recreational infrastructure of the Cleghorn neighborhood of Fitchburg.

Community Health Connections – This organization works to provide high quality, comprehensive medical and behavioral health and dental care to all residents of North Central Massachusetts, without regard to income, insurance status or past medical history.

United Way of North Central Massachusetts – This organization works to improve lives through innovative leadership which identifies and addresses community needs, and provides basic human service needs throughout North Central Massachusetts.

Children's Aid & Family Service (CAFS) has been serving North Central Massachusetts since 1876. As an Affiliate of Seven Hills Foundation, CAFS serves the community with its unique and innovative programs assisting families that are striving to achieve self-sufficiency through a successful life/work balance. CAFS's mission is to provide the highest quality day care, social, and mental health services designed to strengthen families and individuals, build healthy relationships, and promote self-sufficiency throughout Central Massachusetts.

Boys and Girls Club- This organization provides social, educational, physical, and cultural programs for boys and girls.

COMMUNITY DEVELOPMENT SERVICES

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance. The Credit Union demonstrates a strong level of community development services. Some of the organization include, but are not limited to, the following:

Twin City Community Development Corporation (CDC) – The Twin Cities CDC is a membership organization that invests in and organizes residents to help Fitchburg and Leominster build assets such as quality housing, jobs, strong businesses and effective leaders. A Senior Vice President serves on the Board of Directors and as the Treasurer.

United Way of North Central Massachusetts – This organization works to improve lives through innovative leadership which identifies and addresses community needs, and provides basic human service needs throughout North Central Massachusetts. The Credit Union's CEO is the Vice Chairman of Fundraising.

Montachusett Regional YMCA – This organization helps strengthen the foundations of the community with a wide variety of activities for people of all ages, incomes and abilities. A Senior Vice President serves as the President of this Organization

Educational Seminars and Other Services

Financial Literacy - The Credit Union participates in financial literacy workshops for grade school and high school students in the surrounding towns. This includes "Money Makes Cents", a weekly 45-minute lesson on topics such as the history of money, how it is created and circulated, how to earn and spend, and the importance of saving for the future. Additionally, the Credit Union has a set of workshops named Financial Independence for Today and Tomorrow (FITT). This set of workshops is aimed at teaching teenagers the basics of financial independence, including the importance of your credit score, wise use of credit cards, and a budgeting and expense simulation.

Other initiatives include a financial literacy program for single women and/or single women with children. This provides women with their credit reports including their FICO scores for purposes of to assist them in either building or rebuilding their credit histories as they prepare for their future.

Further financial literacy initiatives include: a Member of the Workers' Credit Union's Board of Directors was the guest speaker at a workshop titled "Job Creation." The workshop was sponsored by the Twin Cities CDC.

Homebuyer seminars – Over the examination period, the Credit Union held several homebuyer seminars in its local branches. In addition, the Credit Union sponsored homebuyer education courses for the Greater Gardner CDC. By participating in these classes, students receive a "Completion Certification" which enables homebuyers to apply for various MassHousing Finance Agency Programs for which borrowers would not otherwise be eligible.

Buy Now Programs – The Credit Union has been involved in many of the Buy Now programs in their assessment area (Greater Gardner, North Quabbin). These limited time programs offer incentives, such as no application fee and reduced closing costs, to homebuyers who purchase a home in the designated region.

APPENDIX

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 815 Main Street, Fitchburg, MA 01420."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.